



Hindustan Oil Exploration Company Limited

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February 20, 2024

By Online

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| The Listing Department National Stock Exchange of India Ltd., "Exchange Plaza", Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Stock Code: HINDOILEXP | The Corporate Relationship Department BSE Limited, 1st Floor, P. Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Stock Code: 500186 |
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Dear Sir/Madam,

Sub: Transcripts of the Earnings Call

We wish to inform you that pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith submit the transcript of the Earnings Call held on February 14, 2024, with respect to the unaudited financial results for the quarter and nine months ended December 31, 2023.

The same is made available on the Company's website at [Earnings call – Hindustan Oil Exploration Company Ltd \(hoec.com\)](#).

We request you to kindly take the submission on records.

Yours Sincerely,

For Hindustan Oil Exploration Company Limited

S.Muthukrishnan
Company Secretary

Encl.: a/a

Hindustan Oil Exploration Company Limited
Q3 FY24 Earnings Conference Call
February 14, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Hindustan Oil Exploration Company Limited Q3 FY24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you sir.

Anuj Sonpal: Thank you. Good morning, everybody, and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor relations of Hindustan Oil Exploration Company Limited, HOEC. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the company's Third Quarter and Nine Months Ended of Financial Year 2024.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We firstly have with us Mr. R Jeevanandam -- Managing Director; Mr. N Sivalai Senthilnathan -- Chief Financial Officer; Mr. Krishnan Raghavan -- Chief Technical Officer.

Without any further delay, I request Mr. Jeeva to start with his opening remarks. Thank you and over to you sir.

R Jeevanandam:

Thank you, Anuj. Good morning. Hope everyone has received the updated earnings presentation. It's in our website for your reference. I have with me Mr. Krishnan Raghavan, Chief Technical Officer, heading the operations and subsurface team and Mr. Senthil Nathan our CFO. We have been inducting Senior Production Engineers, Senior Drilling Managers, Senior Reservoir Engineers, and technical advisors to increase the operating and managerial capability of the company.

We are pleased to inform you that Q2 gas offtake from Dirok has maintained an average of 23.75 million standard cubic feet against 22.90 million standard cubic feet per day in the previous quarter. I will start with the operational update from the Eastern region.

Dirok gas sale is 0.59 BCF and condensate is 10,841 barrels compared to 0.56 BCF of gas and 10,350 barrels of condensate in the previous quarter. Though, this field can produce about 50 mmscfd, we must restrict the production due to lack of demand. This is further compounded by dual pricing for gas produced from the nominated fields of OIL and private players. The ceiling price fixed by GOI for nominated field is US\$ 6.5 per MMBTU, whereas for private producers and for non-nominated fields, the price fixed by PPAC is \$8.93 per MMBTU as of Oct to Dec 2023. Therefore, the customers who are mostly public sector undertakings would like to avail the low-price gas of \$ 6.5 per MMBTU before availing the gas from private players at a higher price. This makes the Dirok production as fall back after the sale of production from major producers such as OIL and ONGC. This situation would get reversed once the gas line of IGGL, GAIL and DNPL are connected and commissioned. We believe that once IGGL line lays its own line from Duliajan to Numaligarh which is about 180 Kms, the demand constraint would further be eased out and the connectivity with the gas grid in central India will be fully established. This will ensure that an increased and stabilised offtake from 2025 onwards to achieve the production to the full potential of the field.

To prepare ourselves, three legacy wells Dirok-1, 2 and 4 will be worked over and the additional data would be used to revise the reserve estimates of Dirok. Re-processed seismic data is being reviewed and the material balance is being worked out. In-house G&G study will get validated by third party reserve auditors and the new reserve numbers would be updated as soon as the study is completed. After these workovers, we plan for drilling two additional producers to ramp up to 70 MMSCFD subject to demand, which will meet the increase in demand by connecting the Duliajan hub to national gas grid.

GeoEnpro is the operator to Kharsang block and HOEC will have both directly and indirectly 35% participating interest in the block. After the review of production data, continuous workover is planned for producing wells to maintain as well as increase the production. Operating Committee has considered for drilling 15 wells to increase production from Upper Girujan. One exploration well is planned to know the potential of deeper formations such as lower Girujan, Tipam and Baraile. This block is producing from Upper Girujan formation for over 40 years.. Tangibles required such as wellheads, Xmas trees and tubulars were already procured. On obtaining EC clearance, we should be drilling development wells by first quarter of 2024-25.

Substantial upside has been identified and evaluated by GCA both in the lower Girujan, Tipam and Barail formations. This block could unlock substantial value after the completion of the

proposed exploratory well. With the connectivity to national grid, additional resources on discovery can be developed and monetised quickly.

We have work program lined up for drilling 15 development wells and one exploration well in Kharsang. We also plan for 2 development wells in Dirok 25-26. The expected capital out lay for the next two financial years is about 200 Crores in this region.

Cambay blocks

In Cambay, all three blocks are having marginal production and total contract area is about 38 square kilo meters. Well data is under evaluation to know the potential of all three blocks to enhance production. Currently, these fields are breaking even with a meagre contribution to the P&L account.

In Palej, planned to have artificial lifts in all three wells. We are planning for two development wells in Asjol and two in North Balol to increase the production as soon as we get the Environment Clearance. EC is expected before March 2024.

Now I move to Offshore blocks:

We are pleased to inform you that B-80 crude was sold at a price of US\$ 80.27 per barrel. First offloading of 430, 652 barrels of oil was sold to IOC and the offloading was completed on 30th January 2024. Price realised is Average Brent price for the month of offtake less 0.06%. While continuing production from D2 well, we are constrained to inform that D1 is yet to be activated to put on production. We have removed the possible mechanical obstruction in D1 flowline as well the tubing and it is now more of blockage in the reservoir. We have given a contract to Baker Hughes to carry out the chemical treatment to remove the blockage. It is expected that Baker will mobilise the equipment and personnel to offshore on or before the 4th week of Feb 2024. D2 well production is little over 800 barrels per day and the gas is about 3.5 MMSCF per day.

In PY-1 offshore, existing facilities can process up to 55 mmsf per day. Currently, this field is producing less than 1 mmscf to breakeven. Seismic data of this block was re-processed, and our in-house G&G team has evaluated and released three drilling locations. These in-house studies will be reviewed by a third-party expert in London to confirm the proposed well locations. We plan for three development wells and if everything goes as per plan, drilling first well will commence in April to June 2025.

Consequent to the issue of D-1 well and continued low off take Dirok, we are not able to ramp up the production to the expected level. We have lined up the capital program for about Rs 1000 crores in the next three years to drill substantial number development and exploratory wells to enhance the production as well to increase the reserve potential of the company.

Now I request Mr. Senthil, our CFO to update the financial results of this quarter.

N Sivalai Senthilnathan:

Thanks, Mr. Jeeva. Good morning to all. We report that the standalone revenue for this quarter is Rs.109.04 crores compared to Rs.72.56 crores in the previous quarter. Revenue from offshore B-80 block is Rs.48.43 crores and the previous quarter it was Rs.19.03 crores. In case of Dirok, revenue in this quarter is Rs.56.7 crores compared to Rs.48.68 crores in the previous

quarter. The total increase of Rs.36.48 crores in sales is mainly due to increase in production in B-80 field.

Field operating expenses for this quarter in the standalone account is Rs.76.23 crores compared to Rs.50.46 crores in the previous quarter. This increase is mainly due to increase in operating days of B-80 field. Total expenses including depreciation, depletion and stock adjustment is Rs.101.84 crores compared to Rs.32.09 crores in the previous quarter. The increase is mainly due to increase in operating days of B-80 field. Oil in stock in FSO as on 30th September was 3,29,000 barrels and now increased to 4,25,000 barrels as on 31 December 2023. Out of which 60% belongs to HOEC.

Stock adjustment and credit for the current quarter is Rs.3.4 crores, whereas it was Rs.43.52 crores in the previous quarter. This difference is mainly because of the price of crude oil, which was \$93.54 per barrel as on 30th September 2023 and it is \$77.42 per barrel on 31st December 2023. We liquidated this inventory in January 2024 at \$80.27 per barrel.

Standalone EBITDA is Rs.16.74 crores compared to Rs.49.05 crores and the profit after tax is Rs.4.82 crores compared to Rs.38.74 crores in the previous quarter. The reduction in profit after tax is mainly due to decrease in crude price of the inventory as stated earlier.

In consolidated account, the total revenue for this quarter is Rs.192.75 crores compared to Rs.119.74 crores in the previous quarter. This was due to increase in operational days of FSO and MOPO amounting to about Rs.35.55 crores and B-80 production.

Operating expenses including facilities in the consolidated account for this quarter is Rs.89.93 crores compared to Rs.63.63 crores in the previous quarter. This increase in cost is due to increase in field operating costs in B-80 field as days increased from 48 days to 92 days. Total expenses including depreciation, depletion and amortization and stock adjustment in console account for this quarter is Rs.137.2 crores compared to Rs.69.4 crores in the previous quarter.

Consolidated profit after tax is Rs.46.57 crores against Rs.43.73 crores in the previous quarter. EBITDA for the current quarter in the consolidated account is Rs.80.14 crores compared to Rs.72.58 crores in the previous quarter. As of now, the outstanding loans in the standalone books are Rs.87.55 crores and in the subsidiary books Rs.69 crores. Company has "A" stable rating for Rs.500 crores for the bank loan from India ratings. With this current cash position and with the continuous production we will meet all our obligations including the proposed work program for the coming three years as planned. Thanks, and back to Mr. Jeeva.

Ramasamy Jeevanandam: Thanks, Senthil. Now we can open the forum for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jigesh Gandhi from Discovery Capital. Please go ahead.

Jigesh Gandhi: Just had a question. How much is the MTM losses you have on oil, even with the prices that have come down slightly from the end of Q2?

Management: You are asking about what is the price?

Jigesh Gandhi: No, the entire market losses we would have booked this quarter on the oil because of that.

Management: impact is Rs.26 crores.

Jigesh Gandhi: So, sir assuming the prices stay flattish, around 80 whatever it may be, so then at the existing production rate, we should actually assume our run rate of PBT +50 crores with this 26 crores. That's the way we should be looking at it.

Management: That's right, because standalone, the impact of 26 crores were there. About five crores would get added in the next quarter, or would be in the same range if everything goes as planned.

Jigesh Gandhi: Got it, understood. Sir and the other question were, if you could just throw some light on Baker, who we have appointed. Are they a credible international agency with regards to this particular thing, and is there anything you can help us with regards to any expectations around how long the process will take up mobilization and any risks involved or are they reasonably that they can resolve this?

Management: The fact remains, Baker Hughes is one of the best internationally reputed oil and gas service company. There are only few companies like Schlumberger, Haliburton and Baker Hughes. We have picked one of the best companies. They have studied and they have given a report to us. Based on the report, now they are mobilizing the chemicals and the equipment to do the operations at offshore. Now, the next step is, they have to mobilize all equipment to Mumbai port, then it has to be taken to the offshore. Once it is in offshore, the job should not take more than about a week's time. So, in all probabilities, we are expecting they should mobilize all the equipment before the end of this month and the operations should start by the first week of March.

Jigesh Gandhi: Got it. Sir, the other question was, the price we have been able to get for the oil is an extremely small discount to Brent. So, is that the price we should expect going ahead as well, and is that effectively a reflection on the quality of the oil or is it another factor that has led to such a small discount on Brent with regards to our oil sale price?

Management: We got the Brent price. The discount is only 0.06%.

Jigesh Gandhi: The expectation that we had was that the discount might have been slightly higher. So, just wanted to understand, the reasons and if it's going ahead also, we would expect to get around the current price only.

Management: That's right. Quality of the crude is good enough, we should be getting Brent and the minus will be very small, should be 0.06%.

Jigesh Gandhi: Got it sir. And the last question was with regards to the connectivity of the Dirok with the national grid, GAIL, etc. actually on track with regards to the pipeline and any expectations around timeline or is there any delay expected on that?

Management: See, the Company is not directly involved with this, but we have been on a continuous discussion with the persons involved. Based on that, we are expecting by October, the DNPL line will get upgraded. This will improve some demand. We are expecting by March that's what the timeline and it may be plus minus one or more months. GAIL connectivity will be with IGGL from Guwahati to Numaligarh and DNPL from Numaligarh to Duliajan. Expected some demand increase will happen by this. IGGL is laying their own new line from NRL to Duliajan that is expected to be completed by March 26. This means full connectivity to the national grid would get established. By 26-27 there should not be any demand constraint because all our gas can go to the national grid.

Moderator: Thank you very much. The next question is from the line of Rikesh Parikh from Rockstud Capital, LLP. Please go ahead.

Rikesh Parikh: Sir, just to start off with B-80, can you just explain what the real problem is, what we have written is that the flushing of the chemical and hot thing has been done, but there is topside issues, there is some further work which needs to be done. So, what is the real problem at the well D-1?

Management: You are aware that the D-1 well was producing. During the cyclone, we have been asked to shut down, after shutting down the well, when we open it, it was not producing. So, we thought that it is initially mechanical obstructions. These mechanical obstructions one by one we have cleaned up. D-1 flow line was cleaned up now and the tubing also cleaned. Now, the Baker study is completed, we are expecting there is reservoir blockage. This reservoir blockage is because of the various issue which has happened after the shutdown, and this has to be addressed by the chemical treatment. Now, once the Baker comes and do the operations, we will get to know the results.

Rikesh Parikh: So, this reservoir blockage is a like a general or there is a major concern as such because after the chemical there can be some concern because previously, we had a concern around the pressure and all those things. So, just slightly more detail if you can provide on that?

Management: At the moment, we know there is a blockage in the reservoir, and this has to be addressed by chemical treatment. Once we get back to the production from this well after the chemical treatment, we will be knowing the impact. It is too premature to say anything at this stage.

Rikesh Parikh: And what is the one-time cost for this overall for the getting it back to the operation?

Management: It's about \$300,000.

Rikesh Parikh: Second question on the Dirok, we have completed the forest part of the laying, so we wanted to understand by when we will be able to connect it to the hub as such to Duliajan?

Management: That forest section has been completed, (50% is over), the balance we have to get into the next season. It is expected to be completed by December 2025. But this is not a major constraint, if the DNPL line is connected, we have to get a tie-in at Kathalgudi, that will keep the production up to 1 million mmscfd.

Rikesh Parikh: So, will it be safe to assume that from 3Q we might be able to increase from our 29 million to 50 million production, if DNPL pipeline is ready after that?

Management: If the DNPL line is there, if they are allowing us, we can go up to \$1.2 million, say 40 mmscfd.

Rikesh Parikh: Okay, that's helpful. And the last question on the PY-1, so now we have got the initial study, and we are expecting to start drilling from April to June, so have we closed on any well or the rig as such, or have we procured the rig?

Management: No, not yet. Our team has done a good work, and they are very confident about it and drilling three wells have been identified, but we wanted to be abundantly cautious. We are taking a third-party expert for review. Expert on fracture basement from London will be coming to India for studying the data about 15 days. The collaborative study of our team as well as experts will be presented to another third party based in London. Once they are confirming our findings, will be releasing the proposed locations or revising the locations. After that, we will mobilize the drilling rig.

Moderator: Thank you very much. The next question is from the line of Rishikesh from Robo Capital. Please go ahead.

Rishikesh: Sir firstly, regarding the CAPEX that you have mentioned for the next three years, around 1000 crores, if you could list down what CAPEX are we doing and what amount is going to be spent for which way. And also, what is our internal revenue target or a kind of aspiration number from the same and expected IRR in next three to four years?

Management: Company is planning for the next year is about drilling 15 wells, out of which one will be an exploration well. We are planning for about 6 well interventions and the expected outlay is about 160 crores in the next financial year. 25-26 the Company will be embarking on the program for PY-1 drilling and Dirok also. The Company will be drilling two more wells in Dirok and two more deep wells in Kharsang, planned on the success of the first well. About 540 crores we plan for it. 26-27, Company have planned to drill three development wells in B-80

and connect it to MOPU. That is about 300 crores. Total our planned outlay is 1,000 crores in the next three years. IRR, the Company will not be doing any project less than 21% post tax.

Rishikesh: Okay. And if you could also share any internal revenue target that you have?

Management: So, these are the based on our cash flow projections, the Company will meet with internal accruals.

Rishikesh: No, like I wasn't asking about funding, I was asking about any internal revenue target or any aspirational number that you have in your mind from the said CAPEX?

Management: We have our existing producing fields, Dirok and B-80. Three workovers of Dirok, three workovers of Palej and immediate drilling of the North Balol, Asjol our capital expenditure is Rs 160 crores for next year, which we can spend without any issue. For 2025-26, if D-1 comes online we will be comfortable to meet the 540 crores capex. These are discretionary expenditure, and it is success driven. The first well will be only about \$10 million, on success that drives the rest of the things. There shouldn't be any problem of spending 1,000 crores over a period of next three years.

Rishikesh: Okay. And what is our expected revenue and operating cash flow for next two years FY25 and FY26 if you could share, please?

Management: That's what the number I told you, I can't give you the exact number. We do have a cash flow based on the cash flow we are comfortable with this level of expenditure.

Rishikesh: Also, sir regarding the B-80, what oil production do we see for FY25 and what kind of optimum level of production can we do there and by when do we look to achieve that?

Management: This could be known to us after the Baker completed their operations in the field. We are waiting for the Baker results.

Moderator: Thank you very much. The next question from the line of Tejas Shaha from Laser Securities Private Limited. Please go ahead.

Tejas Shaha: Hi, if you can share earlier, we used to do around 11 to 14 gas production from D-2, now that is come down to 5.7 and the oil production has gone up. So, is there a problem in the D-2 well wherein the gas production has come down and the oil production has gone up and is it going to sustain going forward?

Management: See this is an expected one in the D-2 well, the gas production will come down, oil production will go up. It is as expected.

Tejas Shaha: Okay so this is going to now stay the way it is or is this again going to change?

Management: We can't say this is a subsurface issue, we expect that it will maintain at this level.

Tejas Shaha: Okay. And from the D-1 earlier we were targeting around 3000 barrels of oil approximately now, that we have kept on reducing and now it's around 400, 500 now right now it's not there but you are saying expectation is only around 800 or 1000 barrels after it opens up or there is no clue on that?

Management: Tejas you asked a question about the D-2 well, which I answered as 800 plus 3.5 million. We have not discussed about D-1 well. D-1 well results will be known only after the Baker treatment is completed.

Tejas Shaha: Okay. And can we have an update once the process by Baker is done on the stock exchange, is it possible?

Management: See, it's a continuing process. If the Baker will come out and find something more to be done, we need to do that. We will engage them continuously till the well is fully activated. It is not a one step process.

Tejas Shaha: That process I am understanding. Once the Baker is okay, fine I am done with everything, whatever was there, now this is the result that is there. After that, can we update, basically, what I want to say, I don't want an update in the next results, wherein then I understood, now what is the problem with D-1. As a shareholder and being a co-owner of the company. Basically, I want to stay updated on the, because is a material event for me because how the D-1 production comes according to the results will also get affected. So, that is my concern. So, that is what I am trying to ask you.

Management: Tejas, we would like to tell you one thing. You are our co-shareholder, co-partner in the business. We fully appreciate that. You have to understand this is an oil and gas field operations. So, it is not an end, it is a subsurface issue. Once the well is continuously flowing to our satisfaction and we will be able to maintain, we will certainly inform you. We cannot come to you and say that it is producing today, and we cannot say again come on next day to say it is closed. We can't do that. Once we establish ourselves a continuous flow of the D-1 well and we will certainly inform you. Inform to the exchange you will get to know it.

Moderator: Thank you very much. The next question is from the line of Aman Chaudhary from Motilal Oswal Financial Service Limited. Please go ahead.

Aman Chaudhary: So, two quick questions from my side, first one being, so with respect to D-1, so D-1 production has remained stable. When should we see this trend move upwards?

Management: Once the grid lines get connected, that is 180 kilometers line of IGGL Numaligarh, to Duliajan. That will ensure the full connectivity to the grid. Limited connectivity to the grid could be

established with the DNPL line and it is having patchwork of some 50 kilometers. Once that gets completed, we would produce to the extent of at least a 1 million standard cubic meter per day. We cannot predict the exact production numbers. Once the DNPL line gets activated, we are sure that we should be able to ramp up about a 40 million standard cubic feet per day. From 23 to 25, we will be able to reach up to 40.

Aman Chaudhary: Sure. And second question is with respect to Cambay, any update on enhancing the production to 500 barrels of oil per day?

Management: Yes, we are working on it at the moment. We have submitted a proposal to the partners and once that gets approved, we will be lining up three wells on the artificial lift. Our people are confident that should increase the production and it will build up to 500 barrels of oil equivalent from Cambay basin.

Aman Chaudhary: Sure. And just to chip in, with respect to B-80, for how many days did one well contribute in the third quarter and secondly, on the same, the second well when do we expect operations to begin?

Management: One well was in a continuous operation for the entire 91 days. There is no issue on that and the second well, that's what we are looking at Baker to work on it. So, probably this quarter, will end up with one well only.

Aman Chaudhary: Sorry, I did not catch it. When will the second well start operation?

Management: The fourth quarter, we may end up with only one well unless the planned operations are carried out earlier, but that job is expected to complete only in middle of March. So, we can count one well production from B-80.

Aman Chaudhary: Okay, sure. So, nothing from the second well in FY24 at least?

Management: Yes, Baker is working on it.

Moderator: Thank you very much. The next question is from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.

Vaibhav Badjatya: You mentioned about DNPL pipeline when it's ready and you mentioned sometime around October it would be ready if I'm not wrong. So, then we will be able to increase our production on Dirok to 40 million. So is this 40 number is because of constraint on the demand side or the pipeline capacity or the constraint on the production side?

Management: There is no constraint on the production and this is constrained on pipeline and demand side.

Vaibhav Badjatya: Okay. So, basically the pipeline we will not have rights to use the pipeline beyond that number?

Management: Because there is a capacity limitation, PNGRP will also have some issues which needs to be addressed.

Vaibhav Badjatya: Okay, and if I'm not wrong this will be ready by October, October 24th?

Management: That's what we believe in.

Vaibhav Badjatya: Okay. And IGGL pipeline that you spoke about, that would be ready by what time?

Management: The new line, Numaligarh to Duliajan will be getting connected to the national grid by IGGL, which is expected by March 26.

Vaibhav Badjatya: March 26, then basically you are saying that with the full constraint on demand will be removed and after commissioning of this pipeline also we will have the pipeline capacity issue as such, because I'm sure there will be other production in Assam which will have right to use this pipeline. So, will we be able to have full production given the pipeline constraint?

Management: Looking at a capacity of around 5 million standard cubic meters per day. Our's is going to be only 2 mmscmd. This is what is being projected, at the end of the day, the country needs gas and Oil India is one of the primary producers and ONGC.is also there. They are making this Eastern grid to move faster. Oil India is our major partner, they will be able to help us. In a sense they will be having 45% of the revenue from this block, so we will be able to ramp up to the level 2 million that's our endeavor also.

Vaibhav Badjatya: Okay. And the third pipeline that you mentioned in the presentation about GAIL UrjaGanga, so this is connecting which point to which point if you can explain and what is the expected completion timeline for this?

Management: Urja Ganga is to be commissioned and it is up to Barauni to Guwahati. This should get completed by March as per plan.

Vaibhav Badjatya: March 24?

Management: Yes.

Vaibhav Badjatya: So, will this lead to some kind of relaxation on the, will it offer us an opportunity to increase our sales or there is nothing to do with ours?

Management: From Duliajan this goes to Numaligarh. From Numaligarh, it goes to Guwahati and from Guwahati it goes to Barauni. Now there is a limitation of the DNPL line that cannot take more than 2 million standard cubic meters per day. Out of which, we will have some share. Once that line is fully operational, we can ramp up to 40 million cubic feet of gas per day and when the whole connectivity to grid we can ramp up to 70 million.

Vaibhav Badjatya: Got it. And finally, to understand this whole issue, so finally the IGGL pipeline is going to be a thing which will remove all the constraint on the sale, so initially it was said that it will be completed by March 25, now you are saying that it's March 26, so by when.

Management: It's not directly under us. We have no connection to the execution. We have been talking to the people in authority and get some dates.

Vaibhav Badjatya: Okay, got it. But what I was trying to understand is based on your understanding, is it March 26 is also realistic timeline or do you think that there are some forest clearances issues or something that is holding up and delaying the pipeline?

Management: I do believe by March '26, the connectivity will get established.

Moderator: Thank you very much. The next question is from the line of Sanjeev Damani from SKD Consultancy. Please go ahead.

Sanjeev Damani: Sir, actually, I want to understand certain things about our B-80 operations update that I am watching right now on my screen, your presentation. So, it is the first volume that we have sold, I want to confirm from you, from this particular site, the first consignment has been sold of the crude, is it correct sir?

Management: Whatever the crude we produce, it has been sent to floating storage offshore. Once the storage of oil reaches to 400,000 barrels, we will e- auction. Bids are expected from various refineries and based on the auction results we will be planning for offloading. Buyer will bring their own tanker, then we will offload. In B-80 field the first time, we have reached to a parcel size of more than 400,000 barrels and we offloaded the first oil to IOC.

Sanjeev Damani: So, by this time how much stocks we have already built up can I know if it is not otherwise?

Management: No, as we speak, we have sold 430,000 barrels. Now, we will be having stock about 35,000 barrels.

Sanjeev Damani: 35,000, that's all. Am I right, sir, 35,000 you said?

Management: Yes. 35,000 barrels in stock and we are continuously on production about +800 barrels.

Sanjeev Damani: Yes, you told us sir. And regarding the gas also, have we sold some gas from these?

Management: The gas we have been continuously selling for the last one and a half years. Currently, we are selling about 3.5 million mmscfd per day to GSPC.

Sanjeev Damani: Okay, it goes to GSPC and the price which is mentioned being realized is 19.98 MMBTU am I right, sir?

Management: Yes, that's right, price is 22.2% of oil price. If the oil price is more, you get more.

Sanjeev Damani: Got it. But, compared to other sites we are getting good realization here. So that is something very good, sir, there is no ban by the government that you can't sell at X price or Y price and there is no ceiling, sir, as such for gas prices.

Management: You are right. There is a domestic market obligation, but free-marketing rights have been given to the private players and that works well.

Sanjeev Damani: So, sir, are we also subject to windfall tax on petroleum, or no?

Management: No, we are not, because we have not reached the threshold limit.

Sanjeev Damani: Okay, that's also very fine sir. So, one more thing I just want to confirm that you are storing all these collected oils in the offshore area only. So again, if some cyclone comes, it may get damaged. Can it not be transmitted to the onshore to have safety of our storage?

Management: It is an Aframax tanker that is called a floating storage offshore. In any emergency, you can disconnect and move to a safer location. There is no question of any damage will occur.

Sanjeev Damani: Okay, so it is like a ship. The storages are on the floating ship as you rightly said, I could not understand. Thank you very much for the understanding.

Moderator: Thank you very much. The next question is from the line of Ashwin Reddy from Samatva Investment. Please go ahead.

Ashwin Reddy: So, first question is on the Northeast block. So, regarding the work that has been outlined for Kharsang, so is there any limit or constraint on the off take from Kharsang given that good number of wells have been planned to be drilled, is there any constraint on the off take in the next one, two years?

Management: No, there is no off-take limit. The facility can handle up to 5,000 barrels and we will not be able to reach that level even by drilling 15 wells. It will be lesser than 2,000 barrels, there should not be any limitation.

Ashwin Reddy: Okay. So, in terms of the infrastructure and they unlike the gas in Dirok there is no constraint in Kharsang in terms of what it can bring out.

Management: I couldn't get the question, can you repeat?

Ashwin Reddy: No, I am saying in terms of unlike in Dirok for gas, there is no constraint on the off take for whatever you can drill and you can bring out in Kharsang?

Management: There is one line i to Kumchai. Once it gets connected, Arunachal gas production with Oil India production is connected to the national grid. So, there should not be any problem of monetizing the gas produced in Arunachal Pradesh.

Ashwin Reddy: Okay, and what are the timelines that we can expect for Kharsang to scale up in the next one year or how do you think about Kharsang?

Management: We are planning to drill development wells starting from the first quarter of the next financial year. We are embarking on a continuous drilling program which we will not be stopping. After drilling the six wells, we have a small pause for a few days to review the data. Then further drilling will continue for at least to complete minimum of 15 wells. We are drilling developing wells to produce from upper Girujan. Meanwhile, we are getting one more rig, which can drill to lower Girujan, Tipam and Barail formations. Once the deeper exploratory well is successful, then we will continue to drill two more exploratory wells. All the exploratory wells in onshore can be put on development mode to start production from these exploratory wells also. We expected about two continuous financial years 24-25 and 25-26.

Ashwin Reddy: Okay, got it. And my second question is on Dirok. So, for these quarters and from now on, should we assume the minimum that you will do is 23 mmscfd or is there a chance to go back to what you used to do before, let's say 25 was the norm, right. So, as we speak, are there any ramp up from the levels of 24 or are we continuing at 23-24?

Management: We will be ready with the production because the demand is not in my hands. Many public sector undertakings BCPL and NRL etc should be continuously operating. It is too difficult for me to predict; this is the volume at this stage.

Ashwin Reddy: Got it. Fair enough. And regarding B-80, so regarding the D-1 well is there a chance that we may have other window for this time or is that out of scope or is that a possibility as well in terms of what has been done?

Management: We are looking into all the interventions. If there is any rig intervention, it could be only on the after the monsoon. But we will get to know once the Baker completes the job, not before that.

Ashwin Reddy: At least whether the rig is required or not will be confirmed say by March. Is that a fair assumption?

Management: We will have to carry out the job. Once they come out with the results, we again have to go back to study. Some resolutions we expect on this. If everything does not work, we have to go for Rig intervention. That is the last option.

Moderator: Thank you very much. The next question is from the line of Darshika Khemka from AV Fine Corp. Please go ahead.

Darshika Khemka: My question is that could you help us with the breakdown of the revenue, by B-80 and Dirok?

Management: Revenue from B-80

Darshika Khemka: Yes.

Management: I will give you the number. Dirok number is about 51 crores and B-80 is 44 crores.

Darshika Khemka: Could you repeat that number I am sorry.

Management: 44 crores. And the Dirok is about 51 crores.

Darshika Khemka: All right and how about the balance number?

Management: It is the net revenue I've given to you. Some adjustments would have been there to the extent of profit oil and the government share.

Moderator: Thank you very much. The next question is from the line of Jayesh Gandhi from Harshad Gandhi Securities Private Limited. Please go ahead.

Jayesh Gandhi: If I heard you correct you said that production from D-2 well in B-80 is currently 800 barrels per day. And your inventory is closer to 35,000 barrels. So, if I count it from the current quarter, then we should not be able to sell more than 1,10,000 or 1,20,000 barrels in that case. Is my understanding correct?

Management: Your understanding is correct. That is why we are working on the D-1 well, to put it on production quickly.

Jayesh Gandhi: Got it. So, last quarter, the volume which we have done is 4,30,692 barrels. That means we had a lot of inventory which was already there. My understanding it correct?

Management: Yes. This is since beginning, whatever the production that was there.

Moderator: Thank you very much. The next question is from the line of Manoj Jethva from KSA Shares and Securities Private Limited. Please go ahead.

Manoj Jethva: My couple of question is regarding the D-1 well. We have given a contract to Baker and Hughes. So, you have mentioned in the presentation, currently they are going to start the work, seismic studies and all that, everything. So, what is the probability of the success for the problems which are there in the D-1 could be sorted out, is there any timeframe for that, sir?

Management: Mr. Manoj. I know the probability of success of an exploration well, I could have told you that this is the probability of success which I am working on. This is the well which was producing

before the cyclone and after the cyclone it stopped producing. So, it is a surprise to all of us. Now we have looked at all the possible reasons for stoppage in production. Now, there is a blockage in the reservoir. That is what we are going to address. I cannot assume any probability or numbers, whatever the numbers I could assume, you could also assume. So, we will be waiting for Baker's effort and let us see what comes out of it.

Manoj Jethva: Okay. Thank you. And another one question is there regarding the oil reserves which we are holding right now sir, so what could be the probable sales value which we can assume it in the Q4, sir?

Management: Oil reserves, we are talking about our product which is in stock at the moment?

Manoj Jethva: The 35,000 barrels of oil we are holding right now, sir, am I right sir?

Management: Yes, you are right.

Manoj Jethva: So, what could be the probable sales value it could fetch once we sell that?

Management: That would be the expected price in the month of March. Mark to market would be the price. If the Brent is \$80, it will be taken as \$80 if it is a \$75 it will be taken at \$75.

Moderator: Thank you very much. The next question is from the line of M. N. Kumar, an Individual Investor. Please go ahead.

M. N. Kumar: Is it possible to make the clarity with respect to when you say production, is it a gross or net or what is the quantum that we get for taking the participatory interest into account what comes to HOEC, this part becomes a little bit difficult. Can you make any presentation on this aspect a little better?

Management: Normally, we should indicate the gross production and the net production.

M. N. Kumar: Because some locations it is given at a gross, some locations it's production, so it is always confusing sir.

Management: Yes, you are right and we will update ourselves in the next.

M. N. Kumar: Sir the next question that I have on that one is related to Dirok. On the Dirok, after laying the pipeline, because you will have to still complete this 20-kilometer additional line, how much bigger market we will get, sir. How much more gas we will be able to sell. Getting connection to the national grid, that's what I am asking.

Management: You are asking the question after connecting to the national grid, right?

M. N. Kumar: No, sir. Right now, there is a pipeline that we are laying. With the current pipeline that we have and the consumers we have, we can maximum go up to 30 mmscfd, correct?

Management: It can go up to 1.2 million cubic meters per day, if DNPL line gets connected. So, we were also initially producing about 40 million cubic feet earlier. Now, the price difference has come into effect and that is why we are more or less like a fallback. Once the OIL & ONGC gas gets sold at lower price, then the differential demand comes to our gas.

M. N. Kumar: Okay. So, by completing this pipeline, we are not going to be able to sell anything more than what currently we are selling, is this my understanding right, sir?

Management: No, our plan is getting to augment our line to make it 2 million cubic meters. It's more for connecting to the national grid.

M. N. Kumar: Sir, if that is the case, then why we should start the drilling the two development wells and increase the capacity to 70 mmscfd?

Management: The Company will be drilling the wells in next financial year. The drilling of each new well will take about say three to four months per well. We plan in such a way, once the lines are getting connected and demand picks up, we are ready to the market. That's the reason, we are planning for two development wells to ramp up to 70 million cubic feet per day.

M. N. Kumar: So that means this pipeline connection completion and the drilling of it, everything has to coincide with the national grid connection, is this my understanding, right?

Management: Right, because we are looking at demand pickup to keep that our capital invested is earning revenue on it. That's why, there is a delay in drilling. If there is a connectivity to the national grid, we would have completed the drilling by this time.

Moderator: Thank you very much. The next question is from the line of Manan Patel, an Individual Investor. Please go ahead.

Manan Patel: Sir first question is, on B-80, you mentioned the production is around 3.5 mmscfd and 800 barrels of oil. So, is that assumption right that the Q4 revenue from D-2 well will be lower compared to Q-3 and on the same, like we have auctioned a lot more gas than we are producing so what kind of penalties would we have to pay if we don't sort of fulfill our commitment of the auction?

Management: This is an issue relates to the reservoirs that there should not be any concern on penalty.

Manan Patel: Okay. So, the D-2 production right now is lower than the Q3 so the revenues will fall further?

Management: This is somewhere around 4 to 3.5. We are taking 3.5 as a basis for current quarter.

Manan Patel: Understood. And sir on the Cambay, so you have mentioned around 300 barrels oil, two artificial lifts and so by what time can we expect that to come on production and last question on Umarthra, so is that a substantial production which will move neither for us or is that just a small well?

Management: Artificial lifts are for three wells in Palej. With artificial lift we should be able to increase to another 300 barrels that's what has been stated. So, we are looking for the partners approval, once it comes, we will be trying to get on to the work because the duration of the work is very short. It's not taking more than 10 days for each well, so we should be able to ramp up faster. Next question I guess is related to Umarthra?

Manan Patel: Yes.

Management: Umarthra is a well to be drilled by IOC and we are with only 10%. IOCL is the operator for the block, and we have only 10% participating interest in the block. They have been ready to mobilize the rig by April and will be starting the work.

Manan Patel: So, the question is sir, is it substantial or it will be small?

Management: This is a discovered small field, there cannot be anything called as substantial. The reserves are about 2 million barrels. Once we drill the well, we will know the potential much better.

Moderator: Thank you very much. The next question from the line of Vivek Joshi, an Individual Investor. Please go ahead.

Vivek Joshi: I have two questions. One is that given the production, if it remains the same, do we expect a similar result or there are certain one-offs like you had last year on expense adjustments which you do at the end of the year, like something which are not there, that is my first question. And second, in the balance sheet, in the comprehensive income, there is an item not classified as profits for about 41 crores for the nine months. Can you just tell me what does this relate to?

Management: Okay. Senthil, can you look at, what is this 41 crore?. Mr. Vivek the number relates to that based on that Q1 we should have a continuous production and second thing is about the price. Subject to this, we will be maintaining the same numbers. What is these 41 crores can you show me the number?

Vivek Joshi: It's in the line item 8 on the consolidated, other comprehensive income. The first line item, items that will not be classified as profit or loss, that's 41 crores for the nine months.

Management: This will not happen in this year. This is related to the cost recovery limit on the Kharsang block and got sorted out. By this only, we have got the extension, exceptional Rs 12.21 crores. We don't expect anything like that to happen.

Vivek Joshi: Not, the lot. I'm asking about the profit number why is it happening, what is the 41 cr that we are showing as profit, but which we are saying is actually not profit. The line item above that, 41.93?

Management: Which is the line number, can you just tell me?

Vivek Joshi: Yes, 8A.

Management: Exceptional item one right, that is the 122 million.

Vivek Joshi: That is not in this slide, in the consolidated, item number eight, sub item number A. For the quarter it is 1879, and for the nine months it's 4193. Sorry. I got it wrong, my bad, I'm sorry.

Moderator: Thank you very much. The next question is from the line of Nirbhay Mahawar from N Square, please go ahead.

Nirbhay Mahawar: Just wanted to know what would be the net debt number post the oil sales for the company?

Management: At the consolidated level, our net debt number would be as on date is about 150 crores.

Nirbhay Mahawar: And what would be our nine-month CAPEX, sir?

Management: Our CAPEX, which we lined up is about 1000 crores over a period of three years.

Nirbhay Mahawar: No, for the first nine months in FY24?

Management: FY24, we don't have much capital outlay at the moment.

Nirbhay Mahawar: So, sir at the company level would it be fair to assume that our medium-term growth plan has now moved beyond B-80 or D-1, I would say, D1 production coming. Would it be fair to assume that, our dependence on B-80 has reduced now or medium-term, would we have that?

Management: We have a plan for three years. We have lined up the program. Our net production should move from at least 1 million barrel of oil equivalent to 1.5 million by next year and it should go to 3 million by 2026. That is what we are planning for it.

Nirbhay Mahawar: 3 million barrel of

Management: Oil equivalent.

Nirbhay Mahawar: Oil equivalent annual production.

Management: This what we want to ramp up. This is our best case and the minimum.

Nirbhay Mahawar: This is 3 million gross or net, sir?

Management: Net to us. It is net production. We have a plan for 1,000-crore work program. We should ramp up in such a manner we should reach at least a minimum of 3 million barrel of oil equivalent.

Nirbhay Mahawar: That would be around 8,000 barrel of net daily production if I'm, 7,500 to 8,000?

Management: We are expecting that is not the best case, our target is to reach 10,000 barrel of oil equivalent net.

Nirbhay Mahawar: That's great. And how much we are factoring B-80 in this sir, would it be able to quantify or?

Management: I can quantify that, there is no problem on it. We are expecting at least some 3,000 barrel of oil equivalent from B-80.

Nirbhay Mahawar: At least 3,000 barrels net.

Moderator: Thank you very much. The next question is from the line of Rishikesh from Robo Capital. Please go ahead.

Rishikesh: Sir we had an FSO and a MOPU. Could you share what is the revenue for nine months and for the quarter for the same and how do we see steady state revenues from FSO and MOPU going ahead?

Management: Steady revenue, we cannot say that, because it's linked to days required for repairs and maintenance. We believe that we are trying to carry out all the repairs. In between, there may be change of under buoy hose and others. It will take some time. It is giving a run rate of more than 50 crores net revenue in this quarter, the previous quarter it was just 17 crores, and year to date is about 120 crores.

Moderator: Thank you very much. The next follow-up question is from the line of Tejas Shah from Laser Securities Private Limited. Please go ahead.

Tejas Shah: Sir, what is the program for next year's gas contract for B-80, is there any movement on the same, or is it for a new deal?

Management: Gas sales, sir what is your question actually, Tejas?

Tejas Shah: For B-80, we had a gas contract till this March of '24, after that.

Management: We will go for tender through e-auction.

Tejas Shah: So, is that process started or how you?

Management: We will let you know. This contact is valid up to 31st March. We will be starting the process by first or second week of March.

Tejas Shah: Okay. And earlier we used to have a problem on B-80 for a high pressure in it, but it was not able to take much higher volume of oil. Now when you said in your presentation that everything on the top side has been done so is that problem solved and now will it be able to take a higher load of 3,000 barrels a day if whenever we reach that output?

Management: Yes, we should be able to do it.

Moderator: Thank you very much. The next question is from the line of Rajesh Sharma, an Individual Investor. Please go ahead.

Rajesh Sharma: My question is, what was the production from D-1 before the cyclone?

Management: It was about 1200 barrels per day and 6 million cubic feet of gas.

Rajesh Sharma: Okay, so if it comes back, normally maybe we can expect 1,200 or higher?

Management: I don't want to put any numbers for you at this stage. Let us wait for the Baker result.

Moderator: Thank you very much. The next question is from the line of Ravi Nagara, an individual investor. Please go ahead.

Ravi Nagara: Sir, my question on D-1 well, why it has taken so much time that Baker Hughes is conducting in February because monsoon is nearing. If they conduct the survey in December, then we have enough time to do the repair work?

Management: See Mr. Ravi this doesn't get affected by monsoon. This operation to be on the platform.

Ravi Nagara: Okay. So when do you expect that report and when do you see D-1 well producing oil?

Management: I told that Baker has completed the studies. After the studies, they are mobilizing their equipment, chemicals and personnel. We expect that completed before the end of this month. Once, they go to the platform, it will take about another seven or eight days after that we will get to know the results. The results will be studied whether further chemical treatment is required or not. We cannot predict the outcome.

Ravi Nagara: Okay. So, the problem is the wax deposited, okay sir?

Management: There is an asphaltene and wax deposition, which needs to be cleaned up.

Moderator: Thank you very much. The next question is from the line of Mehul Panjwani from Forty Cent. Please go ahead.

Mehul Panjwani: Yes, so I am trying to understand a very basic thing that how do the assessment of MOPU, which are basically used by us, how do they contribute to revenue?

Management: MOPU is like a process facility. Oil produced from the well comes to the MOPU, there it get segregated to oil, gas and water. These three things come out of the well gets segregated, and the segregated oil is pumped to FSO, because there is no storage facility at MOPU. Oil is sent through an export pipeline to the FSO. The FSO is a storage facility where the crude received gets stabilized. Once it reaches to a parcel size then an offtake is undertaken. This is the process. FSO is a storage unit, MOPU is a processing unit.

Mehul Panjwani: Right sir, but I am just trying to understand because maybe pardon my ignorance, how do these contribute to revenue because we get revenue only when we sell oil?

Management: B-80 is an oil field. Any field, you need these facilities, these facilities are to be hired from the third parties. In our case, this is our own facilities which is being used and charged to the field. That is where the revenue comes. Separate subsidiaries are used for providing these facilities. If tomorrow B-80 is not producing or B-80 is to be shut down after seven, eight years, then it can be used elsewhere.

Mehul Panjwani: One follow-up question, so when did we acquire this FSO and MOPU?

Management: It might be 2019 or 2020.

Mehul Panjwani: Okay. And, sir, also, is it a fair assumption that since some of the blocks we don't have 100% entitlement, we have only 35, 40, whatever depending on the block which we are talking about. So, we also get 100% revenue for this from these two, FSO and MOPU?

Management: According to participating in the block, somebody would be called as an operator, he would be holding certain percentage, and the non-operators would be holding certain percentage. It varies, that is why the field revenue is shared. When you are talking about MOPU and FSO is like an equipment you give it on rental. If you want to keep it 100% ownership, the entire revenue of the rental comes to you.

Moderator: Thank you very much. The next question is from the line of Shivam Shah from SmartSync. Please go ahead. The next question is from the line of Ashwin Reddy from Samatva Investment. Please go ahead.

Ashwin Reddy: My question is regarding B-80, if I give you a simple ratio of gas to oil, say from Q1 of FY24 to Q2 of FY24, the proportion of gas is lower than oil, in the sense that there is more gas intake. Is it any cause for concern in terms of the reservoir itself or what are our expectations can be.

The reason I'm asking this is, because in the past concall it has been told that if there is more gas, it will impact the well in the longer run. The proportion of gas is decreasing versus oil is this a cause for concern in terms of the reservoirs?

Management: See, this is a well with gas cap. So initial production of the gas would be more, then over the period, the gas will get reduced, and the oil will increase. You would have seen the initial oil production from this well was 400 barrels then it went up to 800 barrels. The gas is about 8 to 9 million cubic feet of gas is getting reduced now. This is the typical phenomenon expected from this well.

Ashwin Reddy: Okay, got it that is very good to know. And second question is on the D-1 well. We have seen in the presentation. It was outlined as a mechanical issue was what was told as an issue in D-1. This time it is being told as a reservoir issue. Has there been any change in terms of our understanding or, because our understanding was that it was more to do with the evacuation of mechanical materials than the issue. But right now, there is a lack of clarity on the reservoir itself what is the reason. What I want to understand is, has there been a change in our understanding about the issue that's all, or is there anything....

Management: Mr. Ashwin, please, well which was producing, got shut in. Now it is not producing so, the first priority is to find out if there is any blockage or not. You start with the flow line, then you go to the tubing and clean up one by one, then you got to know that reservoir blockage. So, we have initially looked at it is a more of a mechanical issue because it has happened abruptly. Now, the mechanical issue is getting resolved. We have come back to the reservoir issue which is being addressed by the Baker.

Ashwin Reddy: I am saying right now it is nothing to do with the well itself, it is more like a mechanical / blockage issue in the reservoir, is that the way to understand it?

Management: it's not mechanical issue. Mechanical issue is resolved. Now it is a blockage in the reservoir. That's why we need the Baker to come out with special chemicals to treat and remove the blockage in reservoir. Mechanical obstruction means that is on the flow line or on the tubing which our people have done lot of work and cleaned it to the best of their ability. Now the Baker will come and try to address the issue on the blockage in the reservoir.

Moderator: Thank you very much. As there are no further questions, I now hand the conference over to management for closing comments.

Management: While we continue to focus on activating the D-1 well and increase the off take of Dirok, we will embark on drilling wells in Kharsang, Western region, and PY-1 to develop these fields to its full potential to reduce the dependence on B-80 and Dirok. We will also increase our talent pool to meet our growth targets. We once again thank you all for joining us today.

Moderator:

On behalf of the Hindustan Oil Exploration Company Limited, that concludes this conference.
Thank you for joining us and you may now disconnect your lines. Thank you.